



REPORT

9188

ON THE

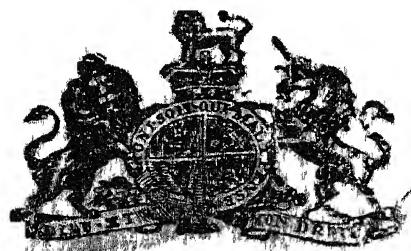
WORKING OF THE CO-OPERATIVE  
SOCIETIES

IN THE

PUNJAB

*For the year ending 31st July 1912.*

Price: Re. 0-5-6 or 6d.



PRINTED AT THE PUNJAB GOVERNMENT PRESS.



REPORT ON THE WORKING OF THE  
CO-OPERATIVE SOCIETIES IN THE  
PUNJAB FOR 1912.

## Agents for the sale of Punjab Government Publications.

---

### IN LONDON.

CONSTABLE & Co., 10, Orange Street,  
Leicester Square, W. C.

GRINDLAY & Co., 54, Parliament Street,  
S. W.

HENRY S. KING & Co., 65, Cornhill, E. C.

P. S. KING & Son, 2 and 4, Great Smith  
Street, Westminster, S. W.

KEGAN PAUL, TRENCH, TRÜBNER & Co.,  
68-74, Carter Lane, E. C.

B. QUARITCH, 11, Grafton Street, New  
Bond Street, W.

T. FISHER UNWIN, 1, Adelphi Terrace,  
W. C.

W. THACKER & Co., 2, Creed Lane,  
London, E. C.

LUZAC & Co., 46, Great Russell Street,  
London, W. C.

---

### ON THE CONTINENT.

FRIEDLANDER & SOHN, 11, Carlstrasse,  
Berlin.

OTTO HARRASSOWITZ, Leipzig.

KARL W. HIERSEMANN, Leipzig.

ERNEST LEROUX, 28, Rue Bonaparte, Paris.

MARTINUS NIJHOFF, The Hague.

### IN INDIA.

THACKER, SPINK & Co., Calcutta & Simla.

NEWMAN & Co., Calcutta.

R. CAMBRAI & Co., Calcutta.

THACKER & Co., Bombay.

HIGGINBOTHAM & Co., Madras.

T. FISHER UNWIN, Calcutta.

V. KALYANARAM IYER & Co., 189,  
Esplanade Row, Madras.

G. A. NATESAN & Co., Madras.

SUPERINTENDENT, AMERICAN BAPTIST  
MISSION PRESS, Rangoon.

A. CHAND & Co., Imperial Book Depôt  
Office, Delhi.

GULAB SINGH & SONS, Mufid-i-Am Press,  
Lahore.

MANAGER, Punjab Law Book Depôt,  
Anarkali Bazar, Lahore.

S. MUMTAZ ALI & SON, Rafah-i-Am  
Press, Lahore [for Vernacular  
publications only].

MANAGER, "The Aryan Printing, Publish-  
ing and General Trading Co., Limited,  
Lahore."

N. B. MATHUR, Superintendent and Pro-  
prietor, Nazair Kanun Hind Press,  
Allahabad.

D. B. TARAPOREWALA SONS & Co., Bom-  
bay.

# REPORT

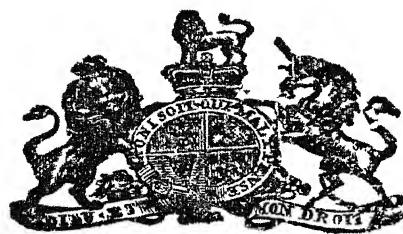
ON THE

## WORKING OF THE CO-OPERATIVE SOCIETIES

IN THE

## PUNJAB

*For the year ending 31st July 1912.*



Lahore:  
PRINTED AT THE PUNJAB GOVERNMENT PRESS,  
1912.



## TABLE OF CONTENTS.

(Maximum limits of text, 16 pages.)

---

PARAS.		PAGE.
1-5	I.—Administration . . . . .	1
6-9	II.—General Progress ... . . . .	1-2
10-55	III.—The Working of Societies ... . . . .	2
56	IV.—The Use of Societies ... . . . .	2-12
57	V.—Reserve Fund and Profits and Expenses ... . . . .	12
58	VI.—The financing of Societies ... . . . .	13
59	VII.—Audit and Inspection ... . . . .	ib.
60	VIII.—Miscellaneous ... . . . .	ib.
61	IX.—Assistance and opposition ... . . . .	ib.

---

## APPENDICES.

STATEMENTS.		PAGE
I.A.—General Progress—Central Societies ... . . . .	1	1
II.A.—Receipts and Disbursements—General Societies ... . . . .	2	2
III.A.—Profit and Loss Account—Central Societies ... . . . .	3	3
IV.A.—Balance Sheet as at 31st July 1912—Central Societies ... . . . .	4	4
I.B.—General Progress—Urban Societies ... . . . .	5	5
II.B.—Receipts and Disbursements—Urban Societies ... . . . .	6	6
III.B.—Profit and Loss Account—Urban Societies ... . . . .	7	7
IV.B.—Balance Sheet as at 31st July 1912—Urban Societies ... . . . .	8	8
I.C.—General Progress—Rural Societies ... . . . .	9	9
II.C.—Receipts and Disbursements—Rural Societies ... . . . .	10	10
III.C.—Profit and Loss Account—Rural Societies ... . . . .	11	11
IV.C.—Balance Sheet as at 31st July 1912—Rural Societies ... . . . .	12	12



READ—

Letter No. 652, dated 14th October 1912, from the Senior Secretary to the Financial Commissioners, Punjab, submitting the report on the working of Co-operative Societies in the Punjab for the year ending 31st July 1912, together with a note thereon by the 1st Financial Commissioner.

**REMARKS.**—The progress of the co-operative movement during the year has been remarkable, and the success achieved is a clear indication that co-operation is now firmly established in the Central and West Central Punjab, and may confidently be expected to spread throughout the whole province. The large increase in the number of societies and in the amount of capital involved, as shown in the abstract given in paragraph 6 of part II of the report, is most satisfactory, especially in view of the fact that, though the number of rural societies has increased by 60 per cent., and their capital has almost doubled, this advance has been effected with the additional cost to Government of the pay of two Sub-Inspectors only, the rest of the extra establishment required being provided by the societies themselves. Agricultural economy in the Central Punjab is already in process of revolution and the Punjabi peasant is rapidly becoming the financier of his own industry.

2. A most noteworthy feature of the year's progress is the creation of a number of new central banks and unions, the establishment of which is gradually overcoming the difficulty previously experienced of financing rural societies in their early stages. That they are gaining general confidence is proved by the very considerable figure to which their deposits now amount. His Honour is glad to observe that unions are taking advantage of the arrangement by which they can obtain cash credits from the Bank of Bengal, and considers that their connection with the commercial world will tend to teach them care and forethought in the management of their own business.

Not the least important aspect of unions is the valuable part they are able to play in the teaching of improved agricultural methods, and in demonstration work, and His Honour notes with satisfaction that unions in Gurdaspur and Hoshiarpur realise their utility in this sphere, and hopes that others will follow their lead as their resources permit.

3. The Lieutenant-Governor fully recognizes the difficulties to be met and overcome in the establishment of urban societies. In spite of these difficulties, however, progress in this line has been well maintained. The great possibilities of these societies and the advantages which may accrue from them to the small artisan are clearly proved by the remarkable profits earned during the year by the shoemakers' and carpenters' societies at Ludhiana and Maghiana.

His Honour again agrees with the Registrar that for the present, until greater experience is gained, consolidation and improvement of the existing societies should be aimed at rather than expansion.

The extension of co-operation to the native army is a new experiment which should have valuable results.

4. There has been a large increase in the amount of both share-money and deposits in the rural societies, and the truly co-operative nature of these is indicated by the fact that 65 per cent. of the working capital of the rural banks is supplied by members themselves.

The fact that the banks have not so far attracted the outside public as safe places for the investment of money, is not, His Honour thinks, unnatural in view of the well known immobility of capital in this country. It is obvious that as the movement grows and expands the money-lending classes will be glad to obtain a safe and steady return on their money by making a full use of the banks that have deprived them of their old occupation, and will, in time, realize that they have not lost by the change.

It would be interesting to know how far this result has already been attained in districts like Jullundur, Hoshiarpur and Gurdaspur, where the village bania is no longer an essential institution.

5. There has been no real difficulty as regards repayment of loans, and the Lieutenant-Governor agrees that the amount of "overdue loans," is not large, in view of the precarious nature of agricultural industry. It is gratifying that there have been no instances of bad debts. His Honour concurs with the opinion of the Financial Commissioner that, where possible, it is desirable to reduce the rate of interest on loans to members.

6. Of the districts, Jullundur, the pioneer of the movement, still leads the way, progress being excellent. Village societies in this district are rapidly becoming independent of financial assistance from Central banks and unions, and have lent large sums to societies in other districts.

Hoshiarpur has now supplanted Gurdaspur for second place.

Sialkot, where last year the rural societies were recovering from a moribund condition, continues to maintain steady progress.

Lyallpur, Gujrat, Gujranwala, Lahore and Ambala all show an advance.

Sir Louis Dane observes with satisfaction that the societies which have been started in Ferozepore district with Mr. Francis' generous gift all promise well.

7. The Lieutenant-Governor notes with regret that the Registrar finds a tendency of some of the subordinate civil courts unfairly to harass members of the societies, and considers that all such cases should be brought to the notice of the Hon'ble Judges. The fact that official help and guidance, the value of which, without undue interference, has been convincingly shown in the report, is not more freely given is also a matter for regret; but His Honour welcomes the still more important assistance of influential non-officials without whose support the movement could not have advanced as it has. In this connection it is interesting to observe that the basis of the success of the majority of the societies has been the unflagging interest and unselfish zeal of a few individuals who have for the most part had no previous connection with official life, but who have been singled out by the societies themselves as men who can be thoroughly trusted and relied upon. The movement has in fact brought to the front a number of men who should, in the future, be of the greatest possible use not only to co-operative banking but to the Civil Panchayats and to administration generally.

8. The Registrar has written a most interesting report, and the facts disclosed fully justify the confidence in the ultimate success of co-operation which he has shown during the last two years.

His Honour wishes to thank Mr. Langley, Major Coldstream and their able assistants, official and non-official, and congratulates them on the excellent results of their labours.

---

ORDER.—Ordered that a copy of the foregoing remarks be published in the *Punjab Gazette* and communicated to the Financial Commissioners, Punjab. Also that a copy, together with a copy of the report and the Financial Commissioner's note thereon, be forwarded to the Government of India, Department of Revenue and Agriculture, and to all Local Governments and Administrations for information.

By order of His Honour the Lieutenant-Governor, Punjab,

H. P. TOLLINTON,

*Revenue Secretary to Government, Punjab.*

No. 662.

FINANCIAL COMMISSIONERS' OFFICE :

*Dated Lahore, 14th October 1912.*

FROM

A. M. STOW, ESQUIRE, I.C.S.,

*Senior Secretary to the Financial Commissioners, Punjab,*

TO

THE HON'BLE MR. H. P. TOLLINTON, I.C.S.,

*Revenue Secretary to Government, Punjab.*

The Hon'ble Mr. A. H. Diack, C.V.O.

SIR,

I AM directed to submit the annual report on the working of Co-operative Societies in the Punjab for the year ending 31st July 1912, together with a Note thereon by the 1st Financial Commissioner.

I have, etc.,

A. M. STOW,

*Senior Secretary to the Financial Commissioners, Punjab.*



Note by the Hon'ble Mr. A. H. Diack, C.V.O., 1st Financial Commissioner, Punjab, on the annual report on the working of Co-operative Societies in the Punjab, for the year ending 31st July 1912.

It is unnecessary to recapitulate the progress of the co-operative movement during the year which has been described by the Registrar in part II of his report. The number of rural societies has increased by 60 per cent., and their working capital has nearly doubled; and one of the problems that have now to be faced is how to arrange for the custody of such of it as is not out on loan. The development of the system by which these banks are financed is a marked feature of the year's working. There are now 12 central banks with nearly twice the working capital of the 8 central banks which were in existence in 1910-11. Fourteen unions of co-operative societies have been formed with a working capital of over 5 lakhs. Arrangements have also been made for supplying a number of central banks and unions with cash credits with the Bank of Bengal.

2. In the districts where the co-operative movement has established a firm hold—Jullundur, Hoshiarpur and Gurdaspur—rural economy is being revolutionized. Eitherto the village money-lender, financed in many cases by bigger men elsewhere, has provided the money for agricultural operations at rates depending chiefly on the improvidence of the borrower, the hold which the usurer possessed over the village, or, as there is reason to suspect, the support which he might receive from the Munsiff's Court when enforcing his claim by legal process. Rural co-operative societies on the security of collective credit of their members are now in a position to obtain from the Union or Central Bank the money required for agriculture on reasonable terms. The chief industry of these districts is, therefore, to a large and increasing extent being financed by the peasant farmer himself and not by the money-lender. With loans from his village bank, in support of which he has pledged his credit, the zamindar is paying off his old debts, redeeming his mortgages, purchasing cattle and paying his revenue. At the same time the rate of interest charged by the village banks is not moderate, judged by a western standard, and the Registrar is right in advising the societies gradually to reduce it.

3. In this economic change some displacement is inevitable. But the profits from co-operation are not confined solely to the agriculturist. There is no reason why the village money-lender, who finds his occupation gone, should not invest his money in a co-operative bank and enjoy the interest without the trouble he formerly experienced in recovering his dues from his zamindar clients.

4. The principle laid down in the Government review of last year's report, that consolidation is to be preferred to expansion, has been adhered to. New ground has been broken in one district only—Ferozepore—where the generous gift of Mr. Francis has enabled a good start to be made. The spread of the movement to the Kapurthala State will be watched with interest.

5. As the Registrar points out, it is easy to form any number of societies which will have a certain amount of success, provided they are plentifully supplied with funds. But he has shown also that our Punjab societies are genuinely co-operative; for out of the working capital of rural societies, amounting to some 50 lakhs, 65 per cent. is contributed by members themselves in the shape of shares and deposits. Of the remaining 35 per cent. provided from outside, Government loans only form  $1\frac{1}{2}$  per cent.

6. Out of the working capital of 50 lakhs over 35 lakhs were lent to members during the year. The balance represents money already out on loan for periods longer than one year, together with "over-due loans". These "over-due loans" from members amounted to nearly  $6\frac{1}{2}$  lakhs, a smaller proportion of the total amount on loan in 1910-11, but still a large sum. The

Registrar points out that members have re-paid  $16\frac{3}{4}$  lakhs, and that no instance of a bad debt has been brought to his notice. The true nature of many of these overdue loans is explained in paragraph 35 of the report for 1909-10.

7. The Registrar has given no particulars of societies which have been cancelled during the year. But it has been ascertained that 35 were being wound up at the end of the year, and in the case of 4 the process had already been completed.

8. The growth of the movement in rural tracts is certainly remarkable, and not the least satisfactory of the results achieved is the reduction of litigation, while the desire of the members of the Jullundur banks to provide education for their children from their profits is an interesting development.

9. In comparison with the progress made by rural societies the development of urban societies is comparatively slow. Mr. Langley has pointed out the difficulties to be contended with, and there are satisfactory indications of a substantial advance in the near future.

10. The Registrar and his assistants are to be congratulated on the results of the year's working. The inspecting staff provided by Government is maintained on the smallest possible scale necessary for adequate audit and inspection. Societies are providing their own Inspectors, and the honorary workers are deserving of the greatest credit for their philanthropic efforts.

# REPORT

ON THE  
WORKING OF THE CO-OPERATIVE SOCIETIES  
IN THE  
PUNJAB

For the year ending 31st July 1912.



## I.—ADMINISTRATION.

1. During the first three months of the year, which for the co-operative societies begins on August 1st, I was on leave, and during that time Major Coldstream officiated as Registrar. He continued to work as Assistant Registrar on my return from leave until April. Except when he was absent on duty at the Durbar, he was continuously on tour, and a large number of societies benefited from his inspection. I thus had the help of an Assistant for about five months.

2. The Government-paid inspecting staff was increased by two Sub-Inspectors during the year under report, and consists now of 8 Inspectors and 8 Sub-Inspectors.

3. Last year's report showed two Sub-Inspectors paid for directly or indirectly by the societies. During the year under report four more Sub-Inspectors have been entertained in this way and a fifth has been secured as the result of a private donation. Four more are in course of being appointed. The co-operative societies are thus steadily increasing their contribution towards the cost of the movement.

4. Not the least satisfactory feature of this year's progress is the fact that whereas in the previous year, during which 2 Inspectors and 2 Sub-Inspectors, Government paid, were entertained, 386 new societies were started, last year 679 new societies were formed while only two Government paid Sub-Inspectors were added. Briefly, there has been a considerable advance at a trifling additional cost to Government.

5. The number of co-operators who are working as Honorary Sub-Inspectors is the same as last year, *viz*, 24. Though the help given by these willing assistants is most useful and most creditable to them, it is only of a supplementary nature, and for the future extension and direction of the co-operative movement in this Province (at any rate for some years to come) we must depend on a Government controlled staff.

## II.—GENERAL PROGRESS.

6. Progress during the year from 1st August 1911 to 31st July 1912 has been well maintained, though when the year began the horizon was clouded. In fact, during the first six months very little was done in the way of registering new societies. Mr. Maynard's decision, as Financial Commissioner, that unions of societies could not be registered under Act X of 1904, gave a very serious check to the extension of the co-operative movement in the Punjab, for we depended largely on these institutions to furnish the village societies with money, and it was useless to start new societies until proper arrangements had been made for financing them. As soon as this obstacle had been removed, the normal stream of increase once more flowed, and the end of the year has arrived

with a satisfactory record. The following abstract shows what progress has been made in the year, so far as progress can be judged from figures:—

Class of society	On July 31st, 1911			On July 31st, 1912		
	Societies	Members	Working capital	Societies	Members	Working capital
Rs.						
Central Banks . . .	8	677	5,93,967	12	822	10,56,664
Unions . . .	1	63	1,08,508	14	452	5,21,341
Urban Societies . . .	12	1,254	43,693	26	2,137	1,12,205
Rural Societies . . .	1,074	59,529	29,18,929	1,717	89,758	56,31,716

7. There are now 26 Central Banks and Unions concerned with the financing of the smaller societies. Between them they lent out over 11 lakhs during the year. The most interesting feature in connection with Central Banks and Unions is the fact that they have come into touch with the commercial world by obtaining, so far in 8 cases, cash credits with the Bank of Bengal to the amount of 3 lakhs, of which  $1\frac{1}{2}$  lakhs have been drawn.

8. An effort has been made during the year to start artisan societies, principally among weavers, and there are now 18 of these societies in existence. It is too early yet to prophesy with any certainty about the future of this class of society.

9. Those who have the welfare of the Punjab agriculturist at heart, but are not yet convinced that co-operation is suited to his aptitudes and to his requirements, should study the figures of the rural societies. It is, of course, an easy matter to form any number of societies, and so long as they are plentifully supplied with funds they will show a certain amount of success. But the real test of the success of these village banks is to see what they are doing for themselves. The working capital of the rural societies is now shown to be nearly  $56\frac{1}{2}$  lakhs. This figure is somewhat inflated by an amount which appears twice in the form of "loans from other societies". The real funds in use by the rural societies is just under 50 lakhs. Of this sum the members' shares amount to 29 per cent., their deposits to 21 per cent. and profit received by them to 6 per cent., that is to say, a total of 56 per cent. of the working capital. But the village societies have also invested and deposited a considerable amount in the Central Banks and Unions, which again is lent out to the village societies and forms part of their funds. So that the total amount contributed by the members of the village societies themselves is not less than 65 per cent. of the whole, leaving only 35 per cent. contributed by people who are not members of any society. Of this 35 per cent. one half consists of deposits in the village societies, that is to say, money which they have attracted by the credit which they now enjoy. Government loans form only  $1\frac{1}{2}$  per cent. of the whole. No one who considers these figures at all carefully can any longer say that the co-operative movement in the Punjab is an artificial creation or regard the future of the movement otherwise than with confidence.

### III.—THE WORKING OF SOCIETIES.

#### (i)—CENTRAL BANKS AND UNIONS.

##### (a) Central Banks.

10. Four new Central banks were started during the year,—one in Gujranwala, one at Jhang and two in Sialkot.

11. Of the older Central Banks the Jullundur Bank has had a most successful year, and has lent out large sums to other districts besides Jullundur. Out of its increased profits it has been able to pay for a second

Sub-Inspector and has declared a dividend of 12 per cent. Its success is mainly due to the careful and capable administration of Lala Badri Das.

12. The Gurdaspur Central Bank has made steady progress in spite of having an inefficient clerk who has since been replaced. The bank lent *Gurdaspur* out Rs. 1,85,000 during the year and recovered Rs. 1,31,000. A dividend of 10½ per cent. has been paid. This bank requires loans to be repaid in yearly or half-yearly instalments, whereas most of the other Central Banks, including Jullundur, make longer period loans, more in the nature of a cash credit. The Gurdaspur practice, though more troublesome to the borrowing societies, has the advantage of keeping them up to the mark in the matter of repayments. Lala Mehr Chand remains the Honorary Secretary of this bank

13. The Gujrat Bank has made a very satisfactory advance and *Gujrat* acquired Rs. 27,500 deposits as against only Rs. 5,800 at the close of the preceding year. It has paid a dividend of 9 per cent. The principal credit is due to Khan Sahib Chaudhri Fazl Ali as Honorary Secretary

14. The Shahpur Bank at Sargodha is still a source of disappointment : *Shahpur* it has indeed borrowed more money and made it possible to help more societies towards the end of the year ; but it has not yet won the confidence of the local investor.

15. The Hoshiarpur Bank, which is composed solely of deposits lent *Hoshiarpur* for a fixed term, has increased its funds and will now pay for a Sub-Inspector out of its surplus profits. Rupees 25,000 of the deposits was collected by Thakar Salamat Rai, Chaudhri Suchet Singh and Chaudhri Dalel Singh from the Mehtam Rajputs. Lala Daulat Ram continues to deposit money when it is needed.

16. The Jhang Bank has funds amounting to Rs. 27,000, which is *Jhang* sufficient at present for the needs of the district. Mr. Henriques, as Deputy Commissioner, took great interest in this bank.

17. The two tahsil banks in Sialkot are new this year, and promise to *Sialkot* be most useful organizations. The one at Daska already has funds amounting to Rs. 37,000. The bank will be shortly put on a share basis. Chaudhri Jahan Khan and Hakim Singh of Sambrial have done good work in beating up deposits, and Chaudhri Dharam Singh has been a valuable Secretary.

The Raya bank is quite new.

18. Of the Jhelum Central Banks that at Chakwal has increased *Jhelum.* its funds, but the money has not been carefully lent out.

19. A Central Bank is being started at Lyallpur and another is under consideration for Ambala.

#### (b) Unions.

20. Thirteen Unions were registered during the year, 4 in Gurdaspur, 3 in Hoshiarpur, and 1 each in Shahpur, Gujranwala, Amritsar, Lyallpur, Sialkot and Kasur : so that there are now 14 Unions. Four of these Unions are paying for their own Sub-Inspectors, and the rest should do the same before long. Five Unions have been given a cash credit by the Bank of Bengal. There are altogether belonging to these Unions 452 societies which have borrowed 4 lakhs from their respective Unions. The Unions thus include about a quarter of the societies in the Province.

21. The Madar Union has increased its working capital during the year from Rs. 1,08,000 to Rs. 1,80,000. *Madar.* Rupees 1,12,000 of this total are

deposits from the wealthier societies which are its members. The Union has been able to lend out over a lakh to its members and nearly Rs. 70,000 to societies in other districts. It is worthy of note that the societies who have taken loans as members have repaid during the year Rs. 25,000 which they no longer require. The Committee work together with zeal and harmony, but most of the burden is borne by Chaudhri Asadulla Khan, whose name has been so often mentioned in these reports as one of our leading co-operators.

22. The four unions in Gurdaspur which have been started during the year, *viz.*, those of Gumthala, Kala *Gurdaspur* Afghanan, Bham and Bheni Milwan,

bear the names of prominent village banks which have been mentioned every year in these reports. They have extended the sphere of their usefulness as the parents of many societies. They have nearly 2 lakhs of funds. and without this financial assistance and with only the Central Bank to depend on many societies would have fared badly. There are altogether 128 societies members of these unions, *i.e.*, nearly 50 per cent. of the societies in the district. Demonstration work, to teach better methods of cultivation, is being done in two of the Unions. The Presidents of the Unions are, respectively, Chaudhri Rahim Bakhsh, M. Alam Khan, Sardar Kishen Singh and Chaudhri Muhammad Bakhsh, who have received frequent mention in these pages. The Kala Afghanan and Bham Unions have already decided to appoint their own Sub-Inspector.

23. The three Hoshiarpur Unions of Kandhala Sheikhan, Pajjodeota *Hoshiarpur* and Chotala include 134 societies, or nearly half the societies of the district,

and have a working capital of just under a lakh. Kandhala Sheikhan has decided to pay for a Sub-Inspector of its own. The Presidents of these unions, Chaudhri Ahmad Ali, Sardar Dhalip Singh and Chaudhri Munawar Khan, are continuing on a larger scale the good work they were already doing as presidents of their village banks, while Sardar Shiv Singh and Chaudhri Barkat Ali are working as Honorary Sub-Inspectors. Agricultural teaching has been begun in two of the Unions.

The remaining Unions are in a very early stage of existence, and will be mentioned next year.

24. As regards the relative value of a Central Bank and a Union, the former is usually of more use for the supply of money during the first year of co-operative work in a district; later on, Unions are more valuable as organisations, inasmuch as they are purely co-operative and more sympathetic in character. Experience shows that there is no reason why both should not exist together harmoniously in the same district. Whether one or the other or both should be started depends on the circumstances of each district.

#### (ii) — URBAN SOCIETIES.

25. This year an organized effort has been made to extend to artisans, and especially to weavers, the advantages of co-operative methods. Fourteen more societies of this class have been registered during the year and 11 others started which have not yet been registered. The difficulties to be faced, especially in the case of weavers, are much greater than in the case of agriculturists' societies, inasmuch as the weaver is much more down-trodden and consequently more suspicious and less enterprising. It is necessary to remember the obstacles which had to be overcome before village societies achieved success among agriculturists, and not to feel disappointment if the weavers are slow to move. We are furthermore, in the case of the handloom worker, confronted with the possibility that his industry is doomed, and that we are perhaps fostering a hopeless cause. Whether this is true or not, it is, I think, our duty to improve the present deplorable condition of this oppressed

but patient class, and such experience as has been gained certainly holds out some hope of success. There is still a good demand for hand-woven articles, and if the economic condition of the handloom workers is improved it will be possible to raise the standard of his work. Our efforts during the past year have been to make the weavers in a few societies independent of the blood-sucking middleman. The societies have purchased their own yarn and made some profit thereby, and have also been helped in the disposal of their woven material. This last business is really the crux of the situation. The best course appears to be not to form too many societies, but to make successes of those which have been started. After that has been done many more can be formed on the same model. Chaudhri Barkat Ali, the Inspector of these industrial societies, has worked with great tact and patience at a difficult task, and such success as has been achieved has been due to him. Haji Asghar Ali and Ghulam Rasul, the Secretary and the Assistant Secretary of the Muslim Sut Society at Ludhiana, have also given most useful help in arranging the distribution of yarn. The 13 weavers' societies have a share capital of Rs. 13,957 and had a turnover of about Rs. 43,639 during the year.

26. Two good shoemakers societies and two promising societies of carpenters and blacksmiths have been started and, as soon as a scheme of industrial education is ready, a beginning should be made in these four societies. As an instance of the profit made by the middleman, which the members of a society can appropriate for themselves, may be mentioned the small society of shoe-makers at Ludhiana, which on a share capital of Rs. 248 has earned a profit of Rs. 217 in the space of 4½ months. The Maghiana artisans society, which is mostly composed of carpenters and was started last year, now shows a profit of 22 per cent., which must be gratifying to its founder, Sheikh Ghulam Yasin.

27. The two store societies, one at the Police School, Phillaur, and the other at the Dharial Mills, have made good profits, especially the former.

28. Of the cash societies that of the Monotype Press at Simla has paid a dividend of 5½ per cent., but appears to be embarking on a somewhat dangerous enterprise as a credit commission agency. A new society has been started among the establishments of the different Government departments at Lahore. This is almost entirely a savings bank, the funds being lent out to co-operative societies throughout the Punjab, but mostly in Lahore district. Rs. 5,600 had been lent out in this way at the end of the year.

29. Finally, a credit society has been registered in the 10th Lancer Regiment at Jullundur and a second, not registered till later, in the 7th Hariana Lancers at Ferozepore. The 11th Lancer's society already has funds amounting to Rs. 12,000, and I understand that the regimental bania has received notice to quit. This extension of the movement to the Native Army will be watched with interest.

### (iii)—RURAL SOCIETIES.

30. Ninety-eight per cent. of the co-operative societies in this province are still composed of agriculturists, and these societies are still almost entirely confined to the Central and West-Central districts, though a notable advance has been made in Ambala.

31. Practically all these rural societies have a share capital, which the members subscribe in instalments spread over ten years. New members have to pay up as many instalments as they would have paid had they joined at the start, and members joining after two years have to pay in addition a premium, so calculated as to put them on an equality for the purpose of profit sharing with the other members. When the bank has been in existence ten years and the share instalments have been fully paid up, members will be able to withdraw their shares, if they wish to. The profit earned, however, is not withdrawable, but will, after putting one-quarter to reserve, be apportioned

among the members according to their shares and credited to them as a non-withdrawable share, on which in future a yearly dividend will be paid. Members who do not wish to withdraw the share they have subscribed will be allowed to add it to their non-withdrawable share, or they may keep the sum in the bank as a deposit.

32. Two objections have been raised to this system. One objection is by those who are opposed to any division of profit at all. The idea of getting some personal profit from his contribution to the bank appealed from the first to the Punjab peasant. It may not be the ideal attitude of mind, but it has proved very useful in bringing more grist to the mill, and it has encouraged a desire to save money which would not otherwise have been aroused. It has also had the result of building up a permanent capital for the banks, the amount of profit earned being already nearly  $5\frac{1}{2}$  lakhs.

33. The other objection is to making the shares withdrawable after ten years. Even if members in all cases withdraw their share money after ten years, I think we shall be able to repair the deficiency, whenever necessary. But I do not for a moment believe that when the time comes members will withdraw their shares to any great extent, and if they should show a tendency to do so and it is desirable that the money should not be withdrawn, there will be no difficulty in persuading members to refrain from so doing. Against this objection has to be set the fact that the knowledge that their share money is not absolutely locked up has helped materially in inspiring confidence, and has brought members to regard their share payments in the light of a willing loan rather than a forced contribution. I make these remarks because so eminent an authority as Sir James Wilson has expressed some doubts as to the wisdom of this part of our method. During the year the share capital of the societies increased by Rs. 5,19,000, which is an increase of more than 50 per cent.

34. A very good test of the confidence which the societies inspire is to be found in the amount of money deposited in them. Members have now deposited  $10\frac{1}{4}$  lakhs in their societies. Far the largest deposits are to be found in the Jullundur societies, but Hoshiarpur with 2 lakhs and Lyallpur with  $1\frac{1}{2}$  lakhs have an equally good average. Generally there has been an advance all round in this direction. This class of deposits has increased by nearly 50 per cent. since last year, and we may expect that as members clear off their old debts and get the actual money value of their harvests they will use the societies more and more as a savings bank.

Deposits. Deposits from non-members are confined mainly to Jullundur, Hoshiarpur and Gurdaspur. The actual amount deposited is  $8\frac{1}{2}$  lakhs, and this again is an increase of 50 per cent. during the year.

The general result is that while the village banks have commanded themselves to their members as a safe place for investments they have so far only in a few districts appealed to the outside public in the same light.

35. The amount now on loan from Government is Rs. 73,976, Rs. 6,958 having been repaid during the year and  
Loans and their repayment—  
(1) *From Government.* Rs. 4,000 advanced for weavers' societies.

In the last two Government reviews on this Report the comparatively small amount repaid has been commented on adversely, apparently from a misapprehension of the facts. The loans have been made for a fixed term of years, and a fixed scale for the repayment of principal and interest has been drawn up, just as is done for the repayment of takavi loans. The societies are punctual in repaying the amount fixed, and so long as they work well there seems to be no reason to recall the balance of the loan before it is due. Societies which have not worked well have been required to repay these loans. To recall them in other cases would be taken as implying that the societies are not working well. The money out on loan earns 4 per cent. interest.

36. The amount on loan from other societies is Rs. 18,40,126. The amount repaid to other societies is

(2) *From other societies.*

shown as Rs. 3,78,448. There is no

return to show what amount is overdue in this respect, and it would be difficult to give accurate information in the form of a return, as Central Banks lend out their money on different systems. I am, however, able to say that societies are generally prompt in repaying money borrowed by them, unless a bad harvest makes it necessary to ask for an extension, in which case they almost invariably repay the interest due.

37. Over 35 lakhs were lent out during the year out of funds amounting to Rs. 50 lakhs. The balance

(3) *Due by members.*

represents money already out on loan

for periods longer than one year, together with money which should have been repaid, but was not.

38. This latter sum, shown as "overdue loans," amounts to Rs. 6,44,897 or 15 per cent. of the whole amount out on loan. The percentage last year was 18. The amount, I admit, is large, but I think in agricultural societies there is bound to be a large sum outstanding. The amount which a farmer can repay depends on his harvest and on whether he has suffered loss of cattle or some other calamity. Even in a fairly good rabi, like the last, there are bound to be tracts where the harvest is poor. In Jullundur, for instance, the northern part of the district reaped a wheat crop beyond the recollection of the oldest inhabitant, while in the southern half the wheat withered for want of one timely fall of rain. Out of 80,000 members of societies scattered over many hundreds of miles, there must be many, who for one good cause or another are unable either to repay their loans or to repay them in full. While, therefore, I should be glad to see the figure of overdue loans reduced, I am not prepared to say that the amount is excessive. Members repaid 16 $\frac{1}{4}$  lakhs to their societies during the past year, and no instance of a bad debt has been brought to my notice.

39. Though there are many societies in which the members take keen interest in the management, most of

*Management of societies.*

them depend on one or two members to

work them. Not the least satisfactory feature in the co-operative movement is the fact that so many intelligent men have been found, even in the smallest village, who are ready and able to work unselfishly for the benefit of the community. The members select their own president. There is seldom any voting, but the popular finger points to one man who has earned a reputation for straight dealing. It is the exception to find a lambardar appointed president, the lambardar being frequently unpopular and still more frequently without real influence. Leading presidents, such as those who are elected presidents and members of committees of the Unions, are usually modest men and are shy of presenting themselves before the Deputy Commissioner; but they are the true representatives of the agricultural classes, and it is not too much to hope that one of them will some day be seen among the members of the Legislative Council.

40. This is becoming a matter of importance. Individual village

*Custody of funds.*

societies now have funds amounting to 1 $\frac{3}{4}$  lakhs downwards. Money comes in

in large amounts once or twice a year, and the safe keeping of such large sums in an out of the way village is naturally an anxious matter. The Inspector-General of Police has expressed his willingness to consider proposals to keep societies' money chests in the Police Station in exceptional cases. But this course is not generally desirable, nor do the societies wish to be a burden to any part of the administration. The question is a difficult one, and a satisfactory solution of it has not yet been found.

I now make some remarks about the districts separately.

41. Ninety-seven new rural societies were started during the year, the

*Jullundur.*

number being now 415, while the funds at the disposal of the societies doubled,

the total amount now being Rs. 20,41,411. In spite of the large number of societies

in the district which required loans, Jullundur has been able to lend  $3\frac{1}{2}$  lakhs to 10 other districts, of which Rs. 1,84,000 comes from village societies, as much as Rs. 1,19,000 being lent by them during the past year alone. The village societies themselves are moving steadily towards financial independence. Thirty societies, which started with loans from the Central Bank or Union, have now repaid them in full and many others in part.

The four banks of Chuheke, Chiman, Madar and Nakodar have, respectively, Rs. 1,74,000, Rs. 1,51,000, Rs. 93,000 and Rs. 77,000, and all, directly or indirectly, finance a number of other village societies and stand to them *in loco parentis*. The worthy Presidents of these societies, *viz.*, Nur Muhammad, Chuhar Singh, Asadullah Khan and Wali Muhammad (with his father Fateh Khan) need no further praise in these pages. They work for their fellow-agriculturists without any idea of personal advantage.

The Jhandiala and Moron societies show exceptional progress, and the following societies :—Littran, Pindauri Nijran, Teingh, Muaddipur, Nurmahal, Bundala (Patti Niyan), Kohallon, Wadala, Adampur, Fattehpur, Barnala, Kapur Pind, Phillour and Karyana,—all have deposits ranging from Rs. 31,000 to Rs. 10,000. The societies of Shankar (Patti Thakar) and Basti Danishmandan have acquired Rs. 16,000 each in the course of one year. The Jullundur city societies have now grown to 12, largely through the help of Chaudhri Ali Akbar, President of the Pakka Bagh Society.

As an instance of what can be done by a village society I may mention the case of Rawant, one of the oldest banks, started by the village school master, Maula Bakhsh. Single-handed and in the face of much discouragement from his departmental officers, Maula Bakhsh has cleared off every pie of debt and redeemed every marla of land in the village. I have been able to appoint Maula Bakhsh to the first Sub-Inspectorship in the Ferozepore district, where he has been most successful.

There are now six Sub-Inspectors in the district, of whom four are paid for by the Central Banks (two), Madar Union and the Chuheke society. Wazir Ali, Milkhi Ram and Bakhsh-ullah, the oldest Sub-Inspectors, have continued to work with unflagging zeal. Ghulam Mohi-ud-din and Abdullah Khan have both realised expectations, and the last appointed Sub-Inspector, Barkat Ali, promises to be one of the best. This able staff, inspired by the Inspector, Khan Abdul Majid, have brought co-operation in the district to a pitch, which I think cannot be equalled in any single district in India. I am glad to be able to mention that Khan Abdul Majid has been awarded the Kaisar-i-Hind Medal and has also been accepted as a candidate for the post of Extra Assistant Commissioner, well deserved rewards for his unique services in this work.

42. Hoshiarpur has this year made greater strides than any other district, principally through the active help given by the Settlement Officer, Fakir

Sayad Iftkhar-ud-din. One-hundred and sixty-eight new societies were started during the year, but the organisation of the district was able to supply all these new societies with funds without asking for outside help. These funds (amounting to nearly 8 lakhs, an increase of 5 lakhs during the year) are composed almost entirely of the share capital and deposits of the village societies, and the repayments of loans were so good that the societies were obliged to refuse a large number of proffered deposits. One hundred and twenty-five of the new societies are in Dasuya tahsil, and as the rate of interest charged by money-lenders there varies from 25 to 37 per cent it can be imagined how this tahsil has benefited by the introduction of co-operation. Three Unions have been started as noted in paragraph 20.

The Mahalpur, Pajjodeota, Khandala Sheikhan and Sham Churasi societies are all now important institutions, and the Kharar-Acharwal, Urmur, Jangiana, Nangal Thandal, Nandachaur, Jallowal and Baroti societies are all rising to eminence. Perhaps the greatest improvement is in the Garhshankar society, which after several years of feeble existence has suddenly blossomed into a large bank with funds amounting to nearly Rs. 60,000, thanks to the efforts of Chaudhri Ata Muhammad and his committee.

There is at present only one Government paid Sub-Inspector in Hoshiarpur (Ismat Ullah), though S. Shiv Singh has recently been allowed travelling allowance for doing the same work. Two new Sub-Inspectors are being entertained, one by the Khandala Sheikhan Union and one by the Central Bank. Even so it will be difficult to cope with the demands of the district, but it will be greatly to the credit of Hoshiarpur if it can in future support its co-operative staff from its own resources. A great future is before this district; it should certainly equal the record of Jullundur.

Besides the Honorary Sub-Inspectors—Chaudhri Munawar Khan, Sheikh Barkat Ali, S. Dhalip Singh and M. Umar Khan—who have continued the good work for which they were commended last year, valuable assistance has been given by Fakir Muhammad of Singhowal in the Mukerian ilqua, by Chaudhri Ghulam Muhammad and Chaudhri Nur Muhammad among the Gujars along the Beas, and by Mahtab Din and Sultan Mubammed, Zaildars, among the Dogars. Jassa Singh, Field Kanungo, has continued to be helpful, and under the inspiration of the Settlement Officer many members of his staff have furthered the movement. All this progress has been stimulated and directed by the Inspector, M. Barkat Ali Khan, who deserves very great credit for the extraordinary progress made in his circle.

43. Progress in Gurdaspur has been steady, though dwarfed by the advance made in Jullundur and *Gurdaspur*.

for the interest taken in the societies by Major Elliott, the Deputy Commissioner, there has been practically no official help. The number of village societies has grown by 65, the Central Bank has increased its funds, and a great step in the organisation of the societies has been made by the registration of four Unions embracing 128 societies. The working of these Unions at widely separated points in the district will be watched with interest. The societies are having a very uphill fight in Shakargarh, where owing to its remoteness the money-lenders are exceptionally powerful. The societies there have at present, no official to champion their cause, but they will probably be none the worse for these early struggles, which should rather tend to strengthen and unite them. Harvests have not been good of late in Gurdaspur, and the amount of overdue loans is heavy, though more than 2 lakhs were repaid by members during the year.

Chaudhri Allah Dad, the Inspector, and his Sub-Inspectors Atta Ullah and Sultan Ali have worked well, and as two more Sub-Inspectors are being appointed by the Unions, advance in this district should be more than maintained.

44. Seven new societies have been started and a Union formed at *Amritsar*.

from the Gurdaspur district, and is due almost wholly to the energy of Chaudhri Barkat-ullah who works in this tract as Honorary Sub-Inspector.

45. Colonel Powney Thompson is interested in co-operation, and probably some more societies will be started on the Pathankot side during the coming year.

46. This district can show a very good record during the past year *Sialkot*.

societies having grown from 54 to 118, with a corresponding increase in funds. Though the kharif was a very poor one, all share instalments have been paid up and arrears of loans are confined to a single tract. The district started by taking a number of loans from Jullundur, but by organising a Union at Talwandi Musa Khan and Central Banks at Daska and Raya, the Inspector has now made the district self-supporting. No further Unions will probably be started, as tahsil Central Banks seem to suit this district better. Since both Colonel Popham Young, the Deputy Commissioner, and Mr. Boyd, the Settlement Officer, have taken an interest in the societies, the Inspector Lala Jai Gopal should have no difficulty in making still further advance in this district, now

that he has made so good a beginning. Chaudhri Muhammad Ilahi has proved a success as Sub-Inspector. B. Karm Ilahi and Chaudhri Wasawa Singh have given much help in the role of Honorary Sub-Inspectors. Maloke, Behlalpur, Jatheke, Bhanpulwala, Jandu Sahi and the old established society at Sambrial, of which Chaudhri Jahan Khan is President, are shown as working exceptionally well. The income from the shamilat trees in Satrah and Mianwali (which were mentioned in last year's report) has grown much to the benefit of those societies. And special mention should be made of the Bado Chida society, which, though only 14 months old, has secured funds to the amount of Rs. 6,200, has formed a *panchayat* to decide all local cases and started a primary school.

47. The societies in this district continue to grow in wealth : there are 19 with funds of Rs 10,000 and upwards culminating in the society in

*Lyallpur.* Chak No. 118, G. B., which has nearly Rs. 72,000, and as a Central Bank is in process of formation, I hope it will be possible to employ in a profitable manner the surplus money of societies and of the zamindars as a whole. At present they are spending any savings they have in the purchase of proprietary rights. Besides the Central Bank, a Union has been registered at Inayatpur Chatta (Chak No. 143, R. B.) under the Presidency and Vice-Presidency of those two keen co-operators, Chaudhri Nathu Khan and Chaudhri Allah Dad.

The Sub-Inspector, who has been appointed to Lyallpur—Abdul Hamid—has worked with great vigour and is breathing a new spirit into the societies. Faizullah Khan continues to give good help as Honorary Sub-Inspector in the Samundri tahsil.

The Lyallpur Zamindari Company under the Presidency of Sardar Gulab Singh is a promising commercial enterprise for the sale of grain on commission, but requires a larger capital which I hope to help it in obtaining.

48. The failure of the Central Bank to be able to provide further loans stopped advance for half last year, but things have now resumed their

*Shahpur.* normal course and there are now 23 new societies in existence, and a small Union has been registered at Pindi Chiman (Chak No. 36). The societies in the colony part of the district are doing well. They have a remarkably good share capital, and in spite of a poor cotton crop the repayment of loans was good. Progress in the old part of the district is difficult owing to the backward condition of the people. If Major O'Brien extends his educational zeal to the village banks (which are not inferior to the primary schools as sources of enlightenment) there will be a more rapid spread of the movement in Shahpur. At present the Inspector, Malik Fateh Khan, is working single-handed.

49. The temporary stagnation which seemed to fall on this district is now being dispersed. The number of

*Gujrat.* societies has increased from 51 to 70, and funds from Rs 90,000 to 1½ lakhs. This awakening is due partly to the growth of the Central Bank and partly to the efforts of Jalal Din, Sub-Inspector. Malik Khuda Bakhsh, the District Judge, gave welcome help to the District Bank, and during the short time he was Deputy Commissioner Mr. Strickland did much to arouse people's interest. I am glad to see that the zeal of Khan Sahib Chaudhri Fazl Ali, the non-official mainstay of the movement, in no wise abates.

50. A great impetus was given to the spread of co-operative societies in this district by the opening of a

*Gujranwala.* Central Bank at Gujranwala under the auspices of Sheikh Asghar Ali, Deputy Commissioner, to whose assistance the starting of this bank is due. The opening meeting of the bank on the occasion of the Hafizabad Horse Show aroused general interest throughout the district. New societies in this district have hitherto been helped by the Jullundur banks, but Gujranwala should now become self-supporting, especially as a Union has been started among a number of societies at Longowal in

the colony part of the district. The President of this is Chaudhri Ali Muhammad, who has for the last year been working as an Honorary Sub-Inspector.

The two principal helpers in the uncolonised part of the district are Khan Shaib Chaudhri Karam Ilahi of Ahmedanagar, who has now Rs. 29,000 in his own village bank, and Chaudhri Ghulam Kadir Khan, Zaildar of Kote Bhaga.

As the societies are still comparatively in their infancy, their future progress depends largely on the interest taken in them by the Deputy Commissioner.

Chaudhri Inayat Ullah Khan, the Inspector, is doing good work in this district.

51. The increase in the number of societies from 18 to 55 is due to the extension of the co-operative movement into the Chunian tahsil and the

neighbourhood of Lahore city, which has been brought about by the efforts of M. Wahab-ud-din of the Civil Secretariat Office, who has great influence among the Arains of these parts. The intelligent agriculturists of the Lahore district are quick to see the benefits of co-operation, and the only difficulty with them is that they wish to move too quickly. The Kasur societies are doing well and the Kasur Union is now becoming of use to them. Ghulam Nabi Shah, the Honorary Inspector there, retains his enthusiasm. Mr. Worsley will be missed if he leaves Kasur for good.

52. The number of societies in this district has increased during the year from 21 to 60. Money has mostly

*Ambala*  
been obtained from outside (from the Jullundur district), but the societies will soon form a capital of their own. A Central Bank will probably be started for the district very shortly. I inspected most of the societies and was struck by the keenness displayed by the members, and this is borne out by the good recoveries of loans during the year. The Rajo Kheri, Alapur and Laha societies are especially promising, the President of the first-named bank (Sheikh Muhammad Hussain) having rendered exceptional help to the Inspector. Already 500 acres of land have been redeemed from mortgage.

Inspector Sheikh Faiz Muhammad is well known and respected in the district, and can look back on a successful year.

53. There has been practically no increase in numbers, but the existing societies are for the most part in a stronger position than they were before, and

*Jhang.*  
the Central Bank is obtaining more funds. Sheikh Sarwar Shah of the Shorkot society, Sheikh Allahyar Shah of Kote Isa Shah, Muhammad Khan of Jhok Usman, Sheikh Kabir of Haveli Bahadur Shah, and Bahadari of Chak No. 133 are all influential and enthusiastic in a district which is still largely in the patriarchal age.

The credit of starting work in this district and keeping it going rests with Sheikh Ali Muhammad whose labours will not soon be forgotten.

54. The starting of societies in this district is due to a generous gift of money from Mr. E. B. Francis, I.C.S.,

*Ferozepore.*  
retired, a former Settlement Officer, whose name is still held in remembrance. With Mr. Francis' consent the money has been lent out to a number of societies at a reduced rate of interest, the sum of which pays for a Sub-Inspector. The Sub-Inspector appointed is the same Maula Bakhsh to whom reference was made in the remarks on the Jullundur district. Having a knowledge of a number of people in the Zira tahsil he has been able to start 35 societies, the money given by Mr. Francis being supplemented by loans from the Jullundur district. Very few districts have made so promising a beginning, and it should be a matter of congratulation to Mr. Francis that his kindly donation has obtained such good results in so short a time.

55. Progress in other districts is not sufficiently important to call for

*Other districts.*      remarks.

## IV.—THE USE OF SOCIETIES.

56. In the report for 1910 I gave a table showing for five districts the principal purposes for which loans were made. Now, as then, the chief purposes are payment of old debts, purchase of cattle, and payment of land revenue. But the different purposes predominate in different districts. In Hoshiarpur, for instance, Rs. 80,000 has been advanced in two years for the redemption of mortgages. I endeavoured to obtain returns showing how much land throughout the Punjab has been redeemed from mortgage by loans from the village banks, but I do not consider the figures sufficiently accurate to publish. The acreage redeemed is considerable and increases yearly. Much greater progress has been made in the repayment of old debts. The small money lender has disappeared from some hundreds of villages in Jullundur, and it may harrow the feelings of the sentimentalist to learn that several of these men of business are now to be seen driving ekkas. In Shahpur a number of shops have been opened for the purchase and sale of the members' produce. The shops are financed by the banks, but are worked by individuals and are not co-operative concerns; but the members reap the advantage of getting good prices for their crops.

A number of societies pay the land revenue instalment of their members out of their funds and recover the amount at the same or following harvest. This is an excellent arrangement as it allows the farmer to sell his produce at his leisure, profitably.

Loans for the purchase of cattle are especially useful. When bullocks are bought on credit (as is usually the case) the interest charges are exorbitant. Members of societies escape these charges by paying cash.

Village societies are playing an important part in the prevention of disputes and litigation. This is generally admitted, and the District Judge of Jullundur attributes a decrease of 1,100 civil cases in that district last year mainly to the existence of the village banks.

These are a few instances of the benefits which a society confers on its members. A small beginning has been made this year, in co-operation with the Agricultural Department, in illustrating improved methods of agriculture. A number of plots of land have been selected within the area of leading societies in Jullundur, Hoshiarpur and Gurdaspur. These are being prepared and sown under the direction of an Agricultural Inspector, and the result should demonstrate to a large circle of co-operators the advantages of a better method of cultivation. Where the work has been begun it has been observed with much interest, and there is already a brisk demand for some of the cheap and excellent ploughs imported by the Agricultural Department.

I may also mention, as an instance of the lines of progress on which the societies are prepared to embark, a wish on the part of the Jullundur village banks to make a joint contribution of 10 per cent. of their profits to form an educational fund for the benefit of their children. It will be better to defer this scheme for a year or two until the percentage amounts to a really useful sum; but this proposal is interesting as showing what a stimulating effect the banks are having on their members' minds.

## V.—RESERVE FUND AND PROFITS AND EXPENSES.

57. It will be seen that this year I have shown in column 24 of statement IV for rural societies the quarter of the accumulated profits which is incapable of distribution. The amount is already Rs. 1,37,000. Part of this is invested in the form of shares in Central Banks and Unions, the total amount invested being Rs. 54,400, though the investments are not in all cases out of profits.

The profit earned during the year comes to more than 16 per cent. on the share capital, which indicates that the business methods of the societies are on sound financial lines. Sir James Wilson has pointed out in this connection that it is better to reduce the rate of interest on loans rather than build up a large profit. I have pointed out in paragraph 31 the advantage of having

a large amount of profit under our present system. At the same time I admit it is not necessary to charge interest as high as  $12\frac{1}{2}$  per cent. in societies which are not paying more than 6 per cent. on their deposits. I have issued instructions on this point, and hope to show next year that a considerable number of societies have reduced their interest charges. A few have already done so.

Expenses of management and miscellaneous charges in the case of the rural societies amount to less than  $\frac{1}{4}$  per cent. of the working capital, and are only slightly more in the case of Central Banks and Unions.

#### VI.—THE FINANCING OF SOCIETIES.

58. I have given in paragraph 9 percentages showing the proportion of the funds of rural societies derived from different sources and in paragraph 7 I have mentioned that a number of Central Banks and Unions have obtained cash credits with the Bank of Bengal. Money is now forthcoming in sufficiently large amounts in the province. The difficulty is that money is not always forthcoming in the right place at the right time. So far Jullundur has furnished the reservoir for the supply of money to districts which are unable to finance themselves,  $3\frac{1}{2}$  lakhs having been lent by the Jullundur Central and village Banks. What is required is a central agency from which money can always be obtained without drying up the sources of local supply. This will doubtless come in time, but the problem is not so easy as it may seem to be at first sight. Meanwhile some more facilities are required for sending money from one place to another, and I hope Government will grant these by means of treasuries and sub-treasuries.

#### VII.—AUDIT AND INSPECTION.

59. Even with the help of an Assistant, I was not able to inspect half the existing societies last year. The annual audit must now be left very largely to the Inspectors, who have been authorized to do this work. The proper inspection of societies, especially in their early stages, is a matter of the greatest importance and is carried out very thoroughly by the inspecting staff. One copy of the inspection note is written in the society's inspection book and one copy is sent to me for record. The societies welcome these inspections and indeed complain if they are not visited as often as they think they should be. If it were not for these inspections and that the societies know they may be visited at any time, mistakes and abuses would creep in and the present generally high standard would very quickly drop. Therefore, not only must there be inspection, but it must be done by some one who is both experienced and sympathetic, whose instructions will, therefore, be carried out. The success of the co-operative movement in this province at the present time depends, more than anything else, on the character of the inspecting staff.

#### VIII.—MISCELLANEOUS.

60. Two district conferences, or rather gatherings of co-operators, were held during the year, one at Jullundur and one at Hoshiarpur, presided over by the Commissioner and Deputy Commissioner, respectively. Some five thousand members of societies are estimated to have been present at Jullundur and some three thousand at Hoshiarpur. No subjects were discussed, but an account of the progress made in each district was given and a number of speeches were made.

Some co-operative societies have been started in Kapurthala State at the request of the Durbar by Inspector Abdul Majid Khan, and the State will probably ask for the loan of an inspecting officer, as the first societies promise well and a large number of applications for registration have been received. The people of Kapurthala are well acquainted with the benefits of co-operation, as the State borders on Jullundur and Hoshiarpur.

#### IX.—ASSISTANCE AND OPPOSITION.

61. The value of official help, when rightly directed, has been shown in a striking manner in Hoshiarpur, where the Settlement Officer, Fakir Sayad

Iftikhar-ud-din, has identified himself with the movement and lost no opportunity of pointing out its advantages to the people. The result is that Hoshiarpur has now more societies than Gujarspur and has taken the next place to Jullundur. Other instances of official help are mentioned in the remarks on the different districts. The number of officials who are genuinely interested in the village banks is, indeed, small. Only those who are themselves agriculturists can be expected to regard the movement with true sympathy, and of these comparatively few have the interests of their fellow-agriculturists really at heart and are ready to undertake additional work in their behalf.

Among non-officials sufficient help is now forthcoming from influential agriculturists, and now, as before, we depend mainly on the invaluable and unselfish assistance of those who are already members of village banks.

Reference has been made in two previous reports to official opposition. This, I regret to say, still continues, and is to be met with chiefly in the Munsifs' courts. The Munsifs, as a body, are recruited largely from the money-lending or small shop-owner classes, so that many of them have a class prejudice against the village banks. This is shown in the way of vexatious and even illegal action towards parties who happen to be members of co-operative societies and by insulting treatment of them in court. It is a not uncommon practice for a money-lender to put some member of a newly started bank into court with the object of frightening the other members, who are also on his books, from joining the society. Once the client is in court many and various are the ways in which a hostile Munsif can persecute him. There are very general complaints in some parts, and I propose to bring such cases to the notice of the Chief Court. Members of village societies are, above all, anxious to pay off their old debts and the societies are prepared to give them all possible help in so doing. The societies, therefore, though they ask for no favour, should receive all reasonable consideration in the civil courts.

Finally, I wish to thank my staff of Inspectors and Sub-Inspectors for the good work which they have put in during the year, and especially for the punctuality with which they have prepared their annual statements, a duty which becomes heavier every year. The co-operative movement no longer has the charm of novelty, but I am glad to see that the enthusiasm for it remains as lively as ever.

A. Langley,  
Registrar, Co-operative Societies, Punjab.





